



USAID | **MACEDONIA**
FROM THE AMERICAN PEOPLE

INVESTMENT DEVELOPMENT AND EXPORT ADVANCEMENT SUPPORT PROJECT

ANNUAL REPORT

OCTOBER 2011-DECEMBER 2012

JANUARY 2013

This publication was produced for review by the United States Agency for International Development.
It was prepared by Booz Allen Hamilton.

Prepared for the United States Agency for International Development
USAID Contract Number 165-C-00-11-00-102-00
Macedonia Investment Development and Export Advancement Support

Implemented by:
Booz Allen Hamilton
8283 Greensboro Drive
McLean, VA 22182
United States

INVESTMENT DEVELOPMENT AND EXPORT ADVANCEMENT SUPPORT PROJECT

ANNUAL REPORT
OCTOBER 2011-DECEMBER 2012

DISCLAIMER

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

TABLE OF CONTENTS

INVESTMENT DEVELOPMENT AND EXPORT ADVANCEMENT SUPPORT PROJECT	1
EXECUTIVE SUMMARY.....	5
FY12 COMPONENT SUMMARY RESULTS.....	8
1. COMPONENT A—FOREIGN DIRECT INVESTMENT (FDI)/DOMESTIC INVESTMENT (DI)/EXPORT FACILITATION AND INVESTMENT AFTERCARE IMPROVED	8
<i>1.1 Theme 1: Implementation of the new GoM industrial policy for enhanced inter-ministerial coordination and streamlining of DI, FDI, and aftercare.....</i>	<i>8</i>
<i>1.2 Theme 2: Development and Implementation of a comprehensive export promotion strategy and trade policies to support exports.....</i>	<i>16</i>
2. COMPONENT B—PUBLIC-PRIVATE DIALOGUE (PPD) ENHANCED	23
3. PUBLIC RELATIONS (PR) AND INFORMATION	29
4. INTERNSHIP	34
5. FY12 INDICATORS.....	35
6. BUDGET.....	42

LIST OF ACRONYMS

AEP	Agency for Entrepreneurship Promotion
BEA	Business Environment Activity
B2B	Business to Business
BSP	Business Service Providers
CA	Contracting Authorities
CBI	Centre for the Promotion of Imports from developing countries
CCOM	Coordinative Committee of Ministers
CoC	Chambers of Commerce
COP	Chief of Party
COR	Contracting Officer Representative
CRM	Customer Relationship Management
DI	Domestic Investments
DOC	Development Outreach and Communications
DPM	Deputy Prime Minister
DPMEA	Deputy Prime Minister for Economic Affairs
ENER (EHEP)	Unique National Electronic Register of Regulations
EO	Economic Operators
EOM	Employers Organization of Macedonia
EPA	Export Promotion Agencies
ESC	Economic and Social Council
FDI	Foreign Direct Investment
FB	Facebook
GoM	Government of Macedonia
GIZ	German Agency for Technical Cooperation
IDEAS	Investment Development and Export Advancement Support
IMEG	Inter-Ministerial Expert Group
IP	Industrial Policy
IT	Internet Technology
IPA	Instrument for Pre-Accession Assistance
Invest Macedonia	Agency for Foreign Investments and Export Promotion
JSP	USAID/Judicial Strengthening Project
KPI	Key Performance Indicators
MASIT	Macedonian ICT Chamber
MoE	Ministry of Economy
M&E	Monitoring and Evaluation
MoE IPCD	Industrial Policy and Competitiveness Department in the Ministry of Economy

MoU	Memorandum of Understanding
NECC	National Entrepreneurship and Competitiveness Council
OSS	One-Stop Shop
PMP	Performance and Monitoring Plan
PPB	Public Procurement Bureau
PPD	Public-Private Dialogue
PR	Public Relations
RCI	Regional Competitiveness Initiative
RIA	Regulatory Impact Assessment
SoW	Scope of Work
SEE	South East Europe
SME	Small and Medium Enterprises
SWOT	Strengths, Weaknesses, Opportunities, and Threats
TIDZ	Technological Investment Development Zones
TO	Task Order
ToR	Terms of Reference
USAID	United States Agency for International Development
UK	United Kingdom
USG	United States Government
VAT	Value Added Tax
VPM	Vice Prime Minister
WP	Work Plan

EXECUTIVE SUMMARY

This document represents the USAID's Investment Development and Export Advancement Support (IDEAS) Project's Annual Report for the period October 1, 2011 through December 31, 2012. The results reported in the Report were achieved in the period of fifteen months, beyond the fiscal year and therefore this document is entitled as "Annual" instead of Fiscal Report.

The USAID's Investment Development and Export Advancement Support (IDEAS) Project (referred to hereinafter as the "Project") in the second year of implementation, has successfully implemented numerous activities in the three components, aimed to enhance the investment and export initiatives in Macedonia. The focus in the first year was on setting initiatives that served as a foundation for Project's operation, while in the second was on operational implementation of the economic development policies, building institutional capacity of the Project partner organizations, implementing export readiness activities and developing mechanisms to ensure sustainable public – private dialogue.

These activities were discussed and agreed in details with Project's main stakeholders from both, public and private sector (Deputy Prime Minister for Economic Affairs, Ministry of Economy, Invest Macedonia, Ministry of Information Society and Administration and all four chambers of commerce).

In the period of October/November, USAID/Macedonia conducted Mid-Term Performance Evaluation for the Project, performed by Optimal Solutions Group, LLC. The assessment team examined the current status of the Project by conducting a thorough document review, assessing the progress of each project component to-date, followed by in-country key informant/stakeholder interviews. The team specifically evaluated each project component with respect to effectiveness, relevance and sustainability prior to formulating their recommendation for respective component. The overall conclusion of the Evaluation, was that the Project is a well-designed, well-managed, and ambitious economic-growth Project led by staff who are well-respected by the stakeholders. The recommendation for each Project component discussed in detail in the Evaluation report will be presented in the Project Work Plan for year III.

During the reported period, the USAID IDEAS Project implemented the following key achievements:

- Action Plan for Industrial Policy Implementation 2012 – 2013 and the Monitoring and Evaluation Framework for Industrial Policy Implementation adopted as part of the Action Plan for Industrial Policy Implementation 2012 - 2013.
- Project in cooperation with the Ministry of Economy devoted \$40,000 to supporting the implementation of the Program for Industrial Policy Implementation for 2012.
- The Project and the World Bank Mission in Skopje developed a report containing substantive recommendations on how to simplify and streamline the working permits regime. The Report was officially submitted to the Government of Macedonia.
- Conducted a survey to assess investors' aftercare expectations and needs. The final Report with recommendations for improvement of the quality and efficiency of the system of aftercare services in Macedonia was completed and the Project plans to present its main findings to the respective government institutions in the course of January 2013.
- Developed a Report based on the Capacity Assessment and Identification of Pilot Municipalities for Introduction of Electronic Construction Permitting System as a First Stage of the Business Licenses One-Stop-Shop (OSS). The Report was officially submitted to the DPMEA on December, 2012.
- Project developed three web portals that will make information more accessible to the private sector: <http://konkurentnost.mk/>, <http://www.ener.gov.mk/>, and the export promotion portal under <http://www.investinmacedonia.com/>; and organized high level

promotional web-portal event. Over 150 representatives of Project partner organizations and media attended the event. The Ambassador Paul Wohlers, IDEAS Project Director, Aleksandar Sahov, Minister of Economy Valon Saracini, Minister of Information Society and Administration Ivo Ivanovski, and the Director Invest Macedonia, Visar Fida, addressed the audience.

- Organized trainings on usage of the new updated [ENER](#) and [konkurentnostmk](#) portals. Over 100 participants, representatives of ministries; institutions; NGOs and media attended these seminars.
- Trained economic promoters and export promotion department staff in Invest Macedonia for business development and market information function. In addition, a coordinative meeting with the private sector was organized to prepare the Draft-Operational Plan of Invest Macedonia for 2013.
- Established business development export function within Invest Macedonia and provided support to the Agency to plan and implement 9 promotional events in which 85 representatives from 40 Macedonian exporting companies participated in three strategic sectors: Agribusiness and Food Processing; Automotive Components and the Information and Communications Technology Industry.
- Improved the knowledge of the Invest Macedonia management and export department staff on export promotion functions and on how the state funded export promotion agencies operates. In addition to this opportunities for future cooperation were established with two trade investment agencies in EU.
- With CBI we developed an export brochure “We are Learning Export”, with the theme designed by the Ministry of Economy of Republic of Macedonia.
- Organized the founding assembly meeting for the National Entrepreneurship and Competitiveness Council of the Republic of Macedonia. Provided assistance to NECC in establishing five committees: a) SME and craftwork; b) domestic and foreign investment; c) human resources; d) sectorial, with 5 sector subcommittees, and e) technologic development.
- Assisted the national Economic-Social Council through the support of the national Employer Organization of Macedonia in enhancing the ISO26000 standard.
- Provided assistance to 4 CoC's to create and publicly present policy papers focused on export and investment. Examples of the policy papers include: autonomous measures for enhanced export of the food industry; assessment of the wood industry in the Polog region; Macedonian software and IT services industry and Export and Investment Opportunities in Macedonia's Rural Tourism Development. Developed a guide on creating policy papers for the business sector.
- Organized series of trainings and workshops in all components, in which 995 people participated; out of which 494 were female and 501 male.
- Organized a roundtable with representatives of 23 different media in order to increase the awareness of Macedonian Media on the Importance of Public-Private Dialogue, Industrial Policy Implementation and Export Promotion.
- Established collaboration with the business media outlet “Kapital” on publicizing project-related articles aimed at increasing the public's awareness of the Project's successes and efforts given in the direction of creating a good institutional environment for investment and export facilitation. Through this cooperation, 8 Project related articles were developed and published.

- Identified, prepared and released 4 success stories. All of them were developed in conjunction with Project partners; and were shared with USAID/COR and DOC and posted on the website.
- Published an interview with the Project Director for “Koha”, local print newspaper on Albanian language.
- Prepared and published one page article in regional trade magazine “InStore/Macedonia” on promotion of the export portal.
- Prepared and released eleven Media Advisories/Press Releases and gained vast media coverage in national (public and private media), with nearly 100 positive articles published.
- Provided regular updates for the Project’s website <http://ideas.org.mk/>.
- Engaged nine interns, organized in two groups, with various academic backgrounds to be a part of the project’s Internship Program.

FY12 COMPONENT SUMMARY RESULTS

I. COMPONENT A—FOREIGN DIRECT INVESTMENT (FDI)/DOMESTIC INVESTMENT (DI)/EXPORT FACILITATION AND INVESTMENT AFTERCARE IMPROVED

1.1 Theme 1: Implementation of the new GoM industrial policy for enhanced inter-ministerial coordination and streamlining of DI, FDI, and aftercare

Under this component, in fiscal year 2012 (FY12) the Project implemented activities grouped in two subcomponents: subcomponent I – Industrial policy implementation support to the GoM and subcomponent II- Support to the process of streamlining of investment procedures.

Subcomponent I – Industrial Policy implementation support to the GoM

Under subcomponent I the Project continued to assist the Ministry of Economy (MoE) and the Deputy Prime Minister for Economic Affairs (DPMEA) in strengthening the overall system for industrial policy implementation. Assistance activities focused on three aspects of the implementation process: institutional capacity and related procedures for IP implementation; improvement of the level and quality of information that companies receive on the available competitiveness programs and measures; and financial support for specific IP measures under existing government competitiveness initiatives. These activities were implemented through three special projects. The main accomplishments achieved in the projects are described below.

SP-Y2-IPI No.1 - Support strengthening of the coordinative and implementation capacities for industrial policy implementation

The overall goal of the assistance activities in this area was to strengthen the institutional structure and develop rules and procedures that will increase the efficiency and effectiveness of the policy making process and improve the quality of the implemented competitiveness programs and measures. In furthering this goal, the project planned to focus on strengthening the current IP-related mechanisms for inter-agency coordination, enhancing the private sector consultations, and establishing a viable system for monitoring and evaluating IP implementation.

The SoW was approved in December 2011. In the course of the first quarter of 2012, the Project staff carried out an extensive desk research to collect resource materials necessary for the drafting of rules and procedures for industrial policy implementation and started to design the concept and the structure of the respective document. However, as the development of the procedures was part of the Action Plan for IP Implementation 2012 – 2013 whose drafting was supported by the Project and this document was in a process of adoption by GoM, the Project in consultations with USAID postponed further work in this area until the completion of the adoption procedure.

The Action Plan was adopted in August 2012. As part of the Action Plan, GoM also adopted the framework for monitoring and evaluating the industrial policy prepared by the Project and the Ministry of Economy. Although the endorsement of the Action Plan reaffirmed the commitment of GoM to continue to work on the implementation of the industrial policy, at the end of September the Project sought additional confirmation from MoE and particularly DPMEA so as to their need for assistance in this area. The latter institution stated that, due to the ongoing process of thorough modification of the overall system of competitiveness support in Macedonia, they currently do not have clear perspective on this issue and that they may be in a position to confirm their commitment

to, and need for, this activity in the course of 2013. As result of the lack of specific commitment by GoM and in light of the future Project plans to significantly reduce assistance activities in the area of IP implementation (confirmed and recommended by the external mid-term evaluation completed in December 2012), the Project in consultations with the USAID Mission and the Ministry of Economy decided not to proceed with the implementation of this SoW and to exclude it from its plans for 2013.

Although the activities included in this SoW were not implemented, the Project still accomplished tangible results in supporting the industrial policy implementation process through activities whose implementation was initiated in year 1 and completed in the course of year 2. The main accomplishments in this regard are the preparation of the Action Plan for IP implementation 2012 – 2013 and the accompanying Monitoring and Evaluation Framework, both adopted by GoM in August 2012. The Action Plan and the M&E Framework were prepared with a substantial assistance provided by the Project staff, as well as the international expert (engaged in the course of year 1) that developed the structure of the two documents and worked on strengthening the knowledge and understanding of IMEG (Inter-Ministerial Expert Group for IP implementation) members for design and development of effective and efficient competitiveness initiatives.

As a direct result of the capacity building activities and the advice provided by the international consultant, the GoM decided to immediately implement two important recommendations contained in the Action Plan 2012 – 2013, namely:

- Integrate the support to Macedonian companies so far implemented through three competitiveness programs implemented by the Ministry of Economy (Program for IP Implementation, Program for Developing the Entrepreneurship, Competitiveness and Innovation of SMEs and Program for Supporting Clusters) into one large program for 2013 (Program for Competitiveness, Innovation and Entrepreneurship) thus creating conditions for leveraging, increasing the focus of the measures and facilitating the access to the support by companies.
- Include in the integrated program specific support to IT industry firms so that they may introduce standards required to become more competitive on the domestic, regional and global markets. Although the funds provided under the program are still fairly low, the IT industry represented by the IT chamber MASIT was very much satisfied with the fact that the assistance to its members was for the first time in 2013 included in a government program.

Deliverables:

- Action Plan for Industrial Policy Implementation 2012 – 2013 adopted by GoM in August 2012
- Monitoring and Evaluation Framework for Industrial Policy Implementation adopted, by GoM in August 2012, as part of the Action Plan for Industrial Policy Implementation 2012 - 2013.

SP-Y2-IPI No. 2 - Increase the awareness of the private sector on launched IP initiatives and improve private sector access to the available assistance

The general objective of this activity was to improve the access to information on industrial policy initiatives for the business community, particularly SMEs and facilitate the application procedures for the incentives available under various programs, as well as to contribute to the efficiency and transparency of the process of monitoring of industrial policy implementation by enhancing the collection of information and data on the performance and outputs for all programs developed under its auspices.

The SoW for this activity was approved in January 2012. On February 1, 2012, the Project Director and the Minister of Economy signed a Memorandum of Understanding specifying the details of the mutual cooperation in the development of the web portal [KonkurentnostMK](#). Upon the signing of the MoU, the Project contracted a consultant to draft the functional and technical requirements, as well as other tender documentation for the web portal. The consultant held a series of meetings with the Project and the Ministry of Economy discussing their ideas and expectations in context of the portal functionalities. Based on this input, the consultant developed the tender documentation for the web portal.

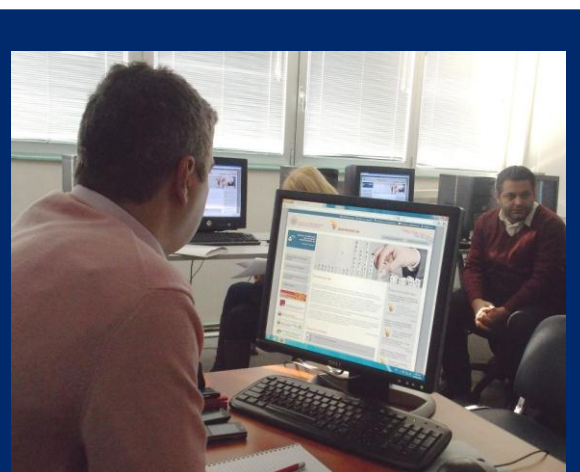
As part of the procurement procedure for selection of the IT company for developing the web portal [KonkurentnostMK](#), request for proposals accompanied with a detailed description of the functional requirements was submitted to six companies selected on the basis of their past performance in working on similar software solutions, four of which submitted their bids. The bids were evaluated based on a list of predefined criteria by a procurement committee comprised of three project staff members. During the evaluation, the committee also consulted the consultant who prepared the functional requirements and the Ministry of Economy as an institution that will be hosting the web portal. The process was finalized on April 27, 2012 with the selection of ULTRA doo Skopje as a most favorable bidder. After the completion of all necessary approval procedures, the contract with ULTRA was signed on May 23, 2012.

Concurrently with the tender procedure, the Ministry of Economy completed the process for official establishment of the working group that will be working on the portal. The group comprised representatives of the following nine institutions: Ministry of Economy, Cabinet of the DPMEA, Ministry of Education and Science, Ministry of Information Society, Ministry of Local Self-government, Ministry of Environment and Spatial Planning, Agency for Entrepreneurship Promotion, Invest Macedonia and Secretariat for European Affairs. The establishment of the group was formally approved by the Government of Macedonia on April 17, 2012.

Upon the completion of all formal requirements and the signing of the contract with the developer, the Project and the Ministry of Economy initiated a series of meetings to discuss and define the details of the portal functionalities and information requirements. The meetings comprised of trilateral meetings between the Project, Ministry of Economy and ULTRA, meetings with individual institutions that will be using the portal and meetings of the whole working group established by GoM for this purpose. The meetings resulted with defining the final concept of [KonkurentnostMK](#) and which presented a solid foundation for the programming process carried out by ULTRA in the period June – October 2012.

The development of the software was completed and formally promoted in November. The high-level event for promotion of the portal, together with two other electronic solutions supported by the Project was held on November 2, 2012 and it included addresses by the US Ambassador, the Minister of Economy and the Minister of Information Society.

In the course of December, the Project and ULTRA organized and delivered three trainings for the users of the portal: in-depth training for the employees of the Ministry of Economy and two trainings for the representatives of other government institutions who will be posting information at KonkurentnostMK. Trainings



The training for the employees of the Ministry of Economy

were attended by 26 participants.

In addition, the Project is preparing a promotional brochure with basic information on [KonkurentnostMK](#). The brochure will be distributed through the most prominent Macedonian economic magazine Kapital in January 2013, coinciding with the moment of making the web portal available to the public.

Deliverables:

- KonkurentnostMK web portal completed and formally promoted in November, 2012
- Three trainings organized and delivered for the users of the portal
- Promotional brochure for KonkurentnostMK drafted and designed

SP-Y2-IPI No. 4 - Support the implementation of specific measures under the Program on Industrial Policy Implementation 2012

Project assistance in this area was designed after a series of meetings with the representatives of USAID Macedonia, the Ministry of Economy and the Cabinet of the Deputy Prime Minister for Economic Affairs as part of the consultative process for identification of specific industrial policy initiatives/measures to be financially supported with project funds. All involved parties supported the initiative to allocate the amount of \$40,000 set aside for this purpose for the implementation of measures for improvement of the productivity and efficiency of Macedonian companies contained in the Program for Industrial Policy Implementation 2012. The Program provided the legal grounds for allocation of financial assistance to Macedonian companies for improvement of their productivity and efficiency, as well as market expansion. The Program was adopted by GoM and published in Official Gazette 12/2012. Institution responsible for its implementation was the Ministry of Economy.

The SoW for this activity was approved by USAID on February 15, 2012. On May 23, 2012, the Project Director and the Minister of Economy signed the Agreement for Supporting the Implementation of the Program for Industrial Policy Implementation for 2012 as a legal instrument for use of Project funds for support of the Program for Industrial Policy Implementation 2012. More specifically, the Agreement established the terms and conditions for provision of financial support by the Project to Macedonian companies for implementation of specific competitiveness measures defined in the Program. It further stipulated that the application and selection of companies were to be carried out by the Ministry of Economy with active participation from the Project while the financial assistance was to be transferred to the selected companies directly by the Project.

Based on the Agreement, the Ministry of Economy initiated the process for modifying the Program in order to formalize the Project participation in its funding. The Government procedure in this regard was finalized on July 3, 2012 and the modifications to the Program were published in Official Gazette 85/2012.

In July, the Project published the public call for inviting the companies to apply for the financial assistance on the websites of the Ministry of Economy and the Project, as well as in the following media:

- Kapital – economic magazine (paper)
- Kapital – economic daily newspaper (electronic)
- Nova Makedonija – daily newspaper (paper)
- Koha – daily newspaper in Albanian language (paper)

In addition, the Project worked with MoE on finalizing the application documents that consisted of improved version of the application form and guidelines for preparation of the report for the activity to be supported.

On July 31, 2012, the Minister of Economy adopted a decision establishing a three-member committee responsible to review the applications submitted by companies and decide on the distribution of funds. Gordana Toseva, Project's senior advisor was officially nominated as a committee member.

Based on the public call, in the period August – December 2012, the Ministry received a total of 17 applications by Macedonian companies seeking compensation of expenses made for activities under the two measures provided in the Program (Measure 1- capacity building and product development, Measure 2 - market development). The applications were reviewed by the committee on several occasions, on a "first come, first served" basis and three official meeting minutes were prepared. The result is the following:

- By the end of December 2012, all funds available for implementation of this SoW (total of 1,914,000 MKD or app. \$40,000) were allocated and transferred by the Project to ten companies based on decisions signed by the Minister of Economy for 12 positively resolved applications. Of the 10 recipient-companies, three are located in Skopje, two in Stip, two in Sveti Nikole, while the remaining three have headquarters in Bitola, Kavadarci and Delcevo. In terms of size based on the number of employees- one is large, five are medium and four are small companies.
- The remaining five applications were denied assistance due to lack of funds (three applications were submitted upon the exhaustion of funds) and procedural defects or inappropriate activity (two applications).

Subcomponent II – Support to the process of streamlining of investment procedures

During year 2, under this sub-component the Project implemented three different activities: (a) Assistance in the process of streamlining of regulations and procedures for obtaining visas and work permits (SP-Y2-IPI-No.3); (b) Survey for assessing the investors' expectations and needs regarding the quality of aftercare services in Macedonia and recommendations for improvement of the system (SP-Y2-IPI-No.5), and (c) Assessment of the capacity of municipalities to implement electronic construction permitting system as a first stage of business licenses for one-stop-shop (SP-Y2-IPI-No.6).

SP-Y2-IPI No.3 - Assist streamlining of regulations and procedures for obtaining visas and work permits

The objective of this activity was to assist the Government of Macedonia in streamlining the regulations and procedures for obtaining visas and work permits for directors, managers and employees working for foreign-owned companies in Macedonia, both in and outside the Technological Industrial Development Zones (TIDZs).

Under this SoW, the Project was cooperating with the World Bank in assisting GoM to carry out an assessment of the current system of visas and work permits with a view of identifying weaknesses and streamlining the issuance process. The two donors leveraged their efforts and jointly provided the requested resources, i.e. the World Bank contracted the international consultant for this assignment while IDEAS provided the necessary local expertise.

The SoW for this activity was approved by USAID on December 21, 2011. The Project identified Igor Aleksandrovski as a local consultant that has the necessary expertise and experience in the respective field and completed the necessary paperwork for his engagement.

In the period December 2011 – February 2012, the component lead and the local consultant participated in a series of meetings aimed at determining the features of the current work permits and visa regime in Macedonia and at diagnosing the main shortcomings of the system. Meetings included the World Bank staff and the international consultant contracted to provide best practice recommendations to streamline work permit and visa procedures, the members of the Working group established by GoM, as well as representatives of the most relevant foreign investors in Macedonia.

In addition to the collection of necessary data, both actively participated in the drafting of the final report under this activity carried out by the WB international consultant by providing input on the substance of the document in terms of both the current state of affairs and the recommendations for streamlining of the work permits regime.

The report containing substantive recommendations on how to simplify and streamline the working permits regime was finalized on February 20, 2012 as a joint product of the cooperation between the Project and the World Bank Mission in Skopje and officially submitted to the Government of Macedonia. The smooth and successful completion of this activity which featured constructive cooperation and leveraging of efforts of two assistance organizations was highly commended by the donors, i.e. the World Bank and USAID. Moreover, in the email exchange that followed the finalization of the cooperation, both called for more initiatives of this kind.

On June 28, 2012, the Government of Macedonia adopted the amendments to the Law on Foreigners and the Law on Employment and Work of Foreigners that were developed based on the recommendations submitted to them by the World Bank and USAID (Official Gazette 84/2012). The amendments reflect some of the offered recommendations thus providing streamlining of the work permits and visa procedure. However, the amendments stipulate that most of the simplified procedures are available only to investors “that carry out activities that are of substantial importance for the investing process in the Republic of Macedonia” but they do not provide the criteria for determining who these investors are, indicating that this will be done by a separate law. As it stands now, the Project and the World Bank do not envisage that the amendments will introduce significant improvements in the work permit and visa procedures.

Deliverables:

- Assessment of the visa and work permit regime for expatriate employees carried out
- Report with substantive recommendations on how to simplify and streamline the working permits regime finalized and delivered by the World Bank to GoM

SP-Y2-IPI No.5 - Carry out a survey to assess investors' aftercare expectations and needs

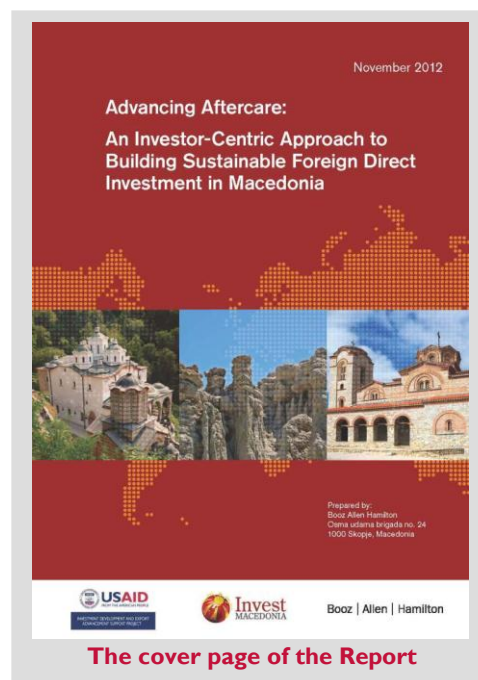
In the past several years, Macedonia has demonstrated strong performance in promoting its investment climate and in offering attractive investment packages to potential investors. The country has however underperformed in setting up an appealing and efficient aftercare system aimed at maintaining a high level of satisfaction among investors and encouraging them to engage in future investments.

Recognizing the institutional and qualitative deficiencies in the current aftercare system, during the discussions relating to the preparation of the Project's work plan for year 2, Invest Macedonia

specifically sought assistance to improve the quality of its aftercare services. For this year, they requested assistance in carrying out an investor survey to assess the satisfaction of the investors already operating in Macedonia with the current aftercare system and suggestions for improvement of the quality of aftercare services.

The SoW for this activity was drafted and approved by USAID on July 7, 2012. Its implementation started in August 2012 by identifying the international consultants, organizing their visit to Skopje, identifying foreign investors who will participate in the survey, collecting their contact info and drafting of the survey questionnaire. Consultants Jason Kemp and Valerie Mock visited Macedonia the week of September 3 – 9, 2012 and discussed the issue of aftercare with all relevant stakeholders, i.e. Invest Macedonia, TIDZ Directorate, Ministry of Economy, Minister for Foreign Investments, Advisor to the Prime Minister on Foreign Investments, Cabinet of the Deputy Prime Minister for Economic Affairs, the World Bank and the Council of Foreign Investors.

The survey of foreign investors started in the second half of September 2012 and was completed by mid-October 2012. Interviews included eleven companies selected based on several criteria that were discussed and agreed with Invest Macedonia and the TIDZ Directorate. Namely, the survey dominantly focused on foreign investments in manufacturing (9 of 11 companies) and greenfield investments (9 of 11 companies). Additional criteria were the specific sector (7 of 11 companies were from the automotive industry which was in the focus of the GoM investment promotion efforts in the last five years), the location of the company (survey included five of the total of seven companies currently operating or setting up in one of the TIDZs) and the geographical diversity of the sample. Interviews were carried out in person or electronically (depending on the preferences of individual investors) following a structured questionnaire prepared by the Project and Invest Macedonia. The data presented extremely valuable input for the final report on aftercare services in Macedonia.



The cover page of the Report

In addition to the information collected at the meetings with the GoM institutions involved in aftercare and with the survey, the international consultants carried out an extensive desk research of best practices in this area and identified illustrative best case examples for majority of recommendations provided in the report.

The final Report with recommendations for improvement of the quality and efficiency of the system of aftercare services in Macedonia was completed in December 2012. It will be presented to USAID and the relevant GoM institutions in the course of January 2013.

Deliverables:

- Survey assessing investors' satisfaction with the current aftercare system and their preferences and needs with regard to future services in this area carried out
- Report with recommendations for actions towards improving the quality and efficiency of the system of aftercare services in Macedonia developed.

SP-Y2-IPI No.6 - Capacity Assessment and Identification of Pilot Municipalities for Introduction of Electronic Construction Permitting System as a First Stage of the Business Licenses One-Stop-Shop (OSS)

At the end of May 2012, the Project received a request from the Deputy Prime Minister for Economic Affairs to assist in the preparation of an assessment of the capacities of municipalities for introduction of electronic construction permitting system, as a first step of introducing comprehensive one-stop-shop for business licenses.

As support to the development of the OSS for business licenses is envisaged in the work plan for year 2, the Project reviewed the request for assistance and held a series of consultative meetings (with the DPMEA Cabinet, the Ministry of Transport and Communications and the Association of Municipalities (ZELS) aimed at clearly defining the scope of the assistance. Concurrently, the Project put together a team of experts that should be engaged in implementation.

The SoW was finalized as a mutual document between the Project, DPMEA Cabinet and the Ministry of Transport and Communications and approved by USAID on July 27, 2012.

Activities under this SoW were implemented by a team of three local experts with an expertise in several relevant areas, such as construction permitting, urban planning, legal issues, community development, human resource management and ICT. The main objective of the assistance was to assess the capacity of municipalities to introduce and implement electronic system for construction permits and to select a limited number of municipalities in which the respective software, once developed by GoM, will be piloted.



The cover page of the Report

The assessment was carried out in the course of August and September 2012 and it followed a three-stage process: 1. Distribution of a tailored questionnaire to all 84 municipalities to collect information on their basic resources in the area of construction permitting procedures as well as their ICT capacities (the turn-out to the questionnaire was impressive 87%), 2. Personal visits to 27 municipalities short-listed by the consultants based on the data collected in stage 1, and 3. Identification of eleven municipalities in which the software for electronic construction licenses should be tested and piloted, based on a list of criteria specifically elaborated in the report.

The assessment was completed and the report providing findings on the municipal capacities and identifying eleven pilot municipalities was submitted to the Cabinet of the DPMEA for review on October 24. The Project, DPMEA Cabinet and the consultant's team leader met once more to discuss the final tuning of the report. The agreed modifications were implemented at the end of November and the report was officially submitted to the DPMEA on December 25, 2012.

Deliverables:

- Assessment on Capacity Analysis and Identification of Pilot Municipalities for Introduction of Electronic Construction Permitting System as a First Stage of the Business Licenses One-Stop-Shop (OSS) completed and submitted to the Cabinet of the DPMEA.

1.2 Theme 2: Development and Implementation of a comprehensive export promotion strategy and trade policies to support exports

The main emphasis for the activities in year 2 was on implementation of the three year strategy for change management in Invest Macedonia, introduction of export promotion and export readiness programs, as well as on process of institutional development of the Agency.

Activities implemented during the FY12 under this theme, were grouped in three categories:

Activity 1–Develop the IT systems in Invest Macedonia and improve staff effectiveness; Activity 2–Building Invest Macedonia’s Export Programs and Activity 3–Development of the Export Readiness Programs.

Above mentioned activities were implemented within the framework of five special projects, resulting with the outcomes that are presented below. *Note:* The Special Projects are presented by activity group in which they belong, and not by order of the numbers.

Activity 1–Develop the IT systems in Invest Macedonia and improve staff effectiveness.

SP-Y2-Export No.1- Develop the IT systems in Invest Macedonia and improve staff effectiveness

The main objective of this Special Project was establishing the IT infrastructure in Invest Macedonia that will enable implementation of the new business processes focused on the export promotion function and training of the Invest Macedonia employees for improvement of their knowledge and skills. The SoW for this activity was approved in December 2011.

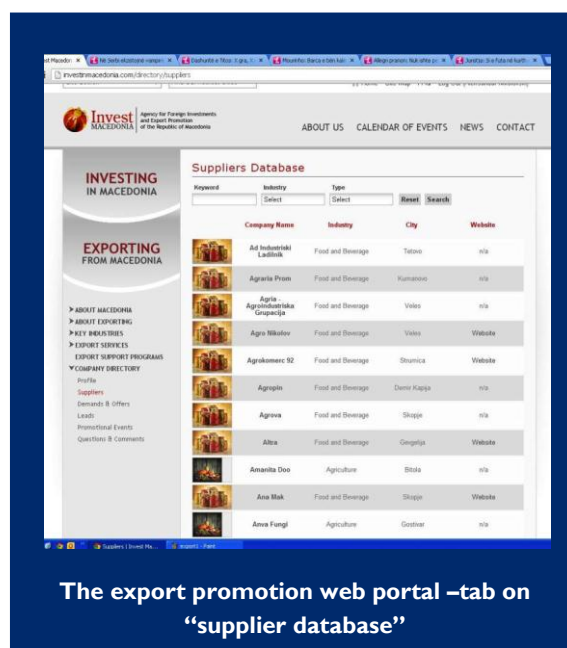
The activity has been initiated with assessment of the IT business environment using the expertise of the IT expert engaged for this assignment. Based on the assessment, the RFP for the Export portal and Customer Relations Management system was designed, selection criteria developed and tendering process was announced. Using the previously developed selection criteria, the proposed solution offered by company ITGMA was selected as most suitable.

The overall implementation of the special project was divided in the several phases: development of the IT architecture for the solution; development and installation of the software modules; creation of the test environment and testing; data gathering phase, simulations of the software in the real environment; and launch of the solution.

The export web platform was designed on a modular base, containing the database with the company profiles of current and potential exporters; market information for the specific sectors; reports for the latest industry and sectorial trends; and platform for matching of the domestic supply with the foreign demand.

In addition to the export portal, Customer Relations Management System (CRM) was upgraded with the new modules and features enabling the integration of export function in the system, improving the business processes and reporting system in Invest Macedonia.

Once the portal was completed, the user manual for portal and CRM was developed and training for Invest Macedonia staff was delivered.



Export portal was officially promoted on November 2, 2012 during a promotional event, organized together with the promotion of two other electronic solutions developed by the other components of the Project, in presence of the US Ambassador, Minister of Economy, Minister of Information Society and Administration and Director of Invest Macedonia.

Second group of activities under the Special Project are related with improvement of the Invest Macedonia staff effectiveness. In this regard, export promotion training for economic promoters was delivered. Over the course of the training, economic promoters were introduced with the new export promotion functions of Invest Macedonia i.e. business development and market information function, as well as with proposed export promotion KPI's for their performance measurement. During the training program, economic promoters were also trained in communication skills from perspective of establishing the export market leads. These capacity building activities were organized in cooperation with USAID AgBiz Program and with Program for Innovative Types of Financing for Small and Medium-Sized Enterprises (SMEs).

In addition to this, as part of the efforts for establishing the annual planning mechanisms for export promotion activities in Invest Macedonia a Coordinative Meeting with the private sector was organized on June 21, 2012. The main objective of the meeting was to analyze the results from the export promotion activities implemented in 2012, and discusses potential export promotion activities for 2013.

Deliverables:

- Developed export promotion web portal and upgraded CRM system in Invest Macedonia
- Trained economic promoters and export promotion department staff in Invest Macedonia for business development and market information function.
- Coordinative meeting with the private sector for preparation of the Draft-Operational Plan of Invest Macedonia for 2013 organized.

SP-Y2-Export No. 5 Training for economic promoters

The SoW for the activity was approved in December 2012. The main objective of the activity was to continue with the process of training and education of economic promoters in order to improve their knowledge and skills in export promotion issues and to increase the organizational efficiency.

Some of the topics covered at the training organized on December 27, 2012 included: how to utilize advantages of the newly created export web portal and upgraded Customer Relation Management System, training for international standards for export and training in export using the methodology of previously developed export curricula. In addition to the general training, during the training, the economic promoters from the selected markets and countries where promotional events were organized throughout the year, shared their experience and lessons learned from the implemented export promotion activities. The



The training working atmosphere

issues of the KPIs and their adjustments to the organization needs was also discussed. All economic promoters of the Invest Macedonia, including the whole Export Department staff attended the training event.

Activity contributed to the institutional development process of the Invest Macedonia

Deliverables:

- Twenty five (25) economic promoters and export promotion department in Invest Macedonia trained in export promotion issues

Activity 2- Building Invest Macedonia's Export Programs

SP-Y2-Export No. 2- Building Invest Macedonia's Export Programs

Main objective of the activities implemented under this Special Project was support for establishing business development and market information function in Invest Macedonia. During the implementation of activities, Invest Macedonia has been coached through the process and consulted by the project staff.

Within the framework of this special project seven activities were implemented. Each activity was developed as individual Scope of Work, and submitted to USAID for approval. All these activities were part of the Project's efforts for introduction of the sustainable export promotion functions, contributing in increasing the operational efficiency as well as in human and institutional development of the Invest Macedonia.

- ***Fruit Logistica Trade Fair in Germany***

The SoW for this activity was approved in January 2012. In the period from February 8 – 10, 2012, the Invest Macedonia supported by IDEAS and AgBiz Project, has organized a study visit of the representatives from 15 Macedonian companies from the agro business sector to the international fair for fresh fruit and vegetable Fruit Logistica Berlin, Germany.

Besides getting acquainted with the newest trends in the technology for production and packaging of fresh fruit and vegetables, logistic trends and trends in regard to research and development, marketing and promotion, the Macedonian exporters of table grapes, fruit and vegetables also had an opportunity to make a series of contacts with potential European importers.

The representatives of the Macedonian agro business held two multilateral meetings with the agro business representatives of Southern Serbia and Kosovo in order to create partnerships in accessing the regional and other exporting markets.

The event was used as a platform for public-private dialogue between the representatives of the Agency and the private sector, with a focus on finding ways for a better organized presentation of the Macedonian exporters on the international fairs for fresh fruit and vegetables, through their presentation on their own national stands.

- ***SEE Business Technology Week***

The SoW for this activity was approved in January 2012. In the period from February 6-14, 2012, the Agency for Foreign Investment and Export Promotion and Macedonia and ICT Chamber (MASIT) supported by the Project, participated at the BizTech events organized in Skopje, Prishtina and Tirana by the company Leoron. More than 70 companies from region were included in the events.

The events aimed at introducing the ICT companies from the region with the technical and technological novelties in the industry, realization of meetings of potential business partners, in order

to enhance the regional collaboration and increase the exports, as well as to exchange knowledge and experiences between the companies from the region.

During the event in Tirana, representatives of Invest Macedonia had an official meeting with the Albanian Agency for Foreign Investment and Export Promotion, where the issue for enhancing the mutual collaboration was discussed.

- ***Study Tour and B2B meetings for Macedonian traders/exporters of Fresh Produce and Processed Vegetables to Poland***

The SoW for this activity was approved in February 2012. In the period from March 18-20, 2012, the Project in cooperation with AgBiz Program organized study tour and B2B event in Poland for Macedonian agro business companies focusing on fresh and processed fruit and vegetables. Representatives of 14 Macedonian companies and Invest Macedonia attended the events.

Economic promoter for Poland was directly involved in organization and implementation of the activity. During the first day of the trip, the Macedonian delegation visited the biggest wholesale market in Central Europe for Fresh Fruit and Vegetable, along with Metro Poland, the biggest retail store for fresh fruit and vegetable in Central Europe. The companies had the opportunity to discuss with the general managers of both organizations about market entry criteria for Poland and other Central European Markets. During the second day, the B2B matching event was organized with the participation of 12 companies from Poland interested in importing agricultural products from Macedonia. The event has contributed in establishing new business leads for Macedonian companies and transfer of know-how in the area of market analysis, quality and packaging standards, export sales and marketing.

- ***Promotion of the automotive industry on the International South East Europe Automotive Suppliers Industry Trade Fair SEE Auto Compo Net in Kragujevac, Serbia***

The SoW for this activity was approved in April 2012. The IDEAS Project and the Export Promotion (IEP) Project, implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), supported two Macedonian automotive supplier companies Te-Te Plast and Ruen to present the product range on "Auto Compo Net", the International South East Europe Automotive Suppliers Industry Trade Fair, in Kragujevac, Serbia. The fair was organized in May 9-11, 2012. Economic promoter for Serbia and two Invest Macedonia export department employee, were actively involved in the organization and attended the event, as a part capacity building process.

The International South East Europe Automotive Suppliers Industry Trade Fair, SEE Auto Compo Net, is organized annually in Kragujevac and represents the most significant specialized automotive industry fair in the Western Balkans. The fair brought together the most important automotive components manufacturers, additional machines and equipment industries, chambers and automotive clusters from countries within the region of Southeastern Europe as well as EU countries.

Besides the exhibition and organization of "Meet the buyers", this fair provided opportunity for bilateral meetings, round table discussions, forums and presentations. The selected Macedonian companies presented their products at a National stand. In addition to opportunity for contacting companies' exhibitors, fair stand visitors were also provided with information and promotional material for Macedonian automotive industry and for the activities of Invest Macedonia.

- ***Supporting the Invest Macedonia Agency to organize a Study Tour and Promotion of Macedonian Wines in the US***

The SoW for this activity was approved in May 2012. The Project in cooperation with AgBiz has supported Invest Macedonia to organize a Study Tour and Promotion of Macedonian Wines in the US. Eight export ready wineries: Tikvesh, Bovin, Stobi, Chateau Kamnik, Dudin, Ezimit, Popova Kula, Dalvina and a representative of the Wines of Macedonia Association, represented the private sector on the promotional tour organized in the period May 29 - June 7, 2012 in Washington DC, New York and Chicago to introduce Macedonian wine industry to US wine critics.

The main objective was to increase awareness of the range and quality of Macedonian wine in order to gain recognition on the US wine chart as well as promote Macedonian wine in targeted US markets. During the tour, the companies were able to establish contacts with the most relevant wine importers in the US, to present the product range, and identify which Macedonian wines satisfy the requirements of US consumers and how competitive they are.

The economic promoters from the US and representatives from the export promotion department at Invest Macedonia were directly involved in managing the entire Study Tour and Promotional events. Moreover, the Macedonian Embassy in the United States of America supported this activity, by inviting business and diplomatic core representatives, as well as relevant media to participate these events.

- ***Automechanika Trade Fair, Germany***

The SoW for this activity was approved in July 2012. The Project in cooperation with Invest Macedonia and German technical support program (GIZ) supported four Macedonian companies in the automotive industry to present their products at the Macedonian national stand at the Automechanika Fair in Frankfurt, Germany, which was held from September 11-16, 2012.

The four companies were: STD manufacturer of shock absorbers for commercial vehicles, buses and trailers; "Ariazone", a manufacturer of automatic stations for servicing automotive air conditioners and other cooling systems; "Bransys", manufacturer-information technologies and "Ein Sof" manufacturer-software for the automotive industry. The companies made approximately 30-40 contacts, out of which 5-20 have the potential of becoming order contracts. Besides networking, companies were able to become familiar with the latest trends in the automotive industry and automotive services sectors.

- ***Gartner Outsourcing Summit, London***

The SoW for this activity was approved in September 2012. The Project in cooperation with German technical support program GIZ, Invest Macedonia and Macedonian ICT Chamber (MASIT) supported 12 Macedonian IT companies to exhibit their products on the national stand at Gartner Outsourcing Summit in UK organized from October 8-9, 2012.

The Gartner Outsourcing Summit is one of the key IT events in the world designed for: CEO's and senior leaders, Contact managers, vendor managers and sourcing managers. During the event Macedonian companies were able to establish business leads and to learn about the latest market trends. In addition of the two-day event, IDEAS and GIZ helped Invest Macedonia and MASIT to organize "UK - Macedonia IT B2B Forum". On this Forum, Macedonian companies had exclusive opportunity to present themselves and network with selected UK IT companies, members of the Intellect – the largest IT association in UK. The B2B Forum brought added value to the debut of the Macedonian IT delegation in UK. The partner in implementation of the activity was British IT Association – Intellect UK. The economic promoter from the Agency for United Kingdom was actively involved in organization of all logistical aspects related to the business forum. Director of the Agency for Foreign Direct Investments of Republic of Macedonia also attended the event and provided opening remarks.

Deliverables:

- 85 representatives from 40 Macedonian exporting companies participated in these export promotion activities.
- Business development export function established in Invest Macedonia
- Awareness about Macedonian country/industry brand on the selected international market improved
- New market opportunities for the Macedonian companies created and private sector export knowledge improved

SP-Y2-Export No. 3- Study tour for transfer of international best practices in export promotion

The SoW for this activity was approved in March 2012. The Project in cooperation with AgBiz Program organized a study tour in Slovakia and Czech Republic for sharing international best practices on export promotion from the relevant dual function (investment and trade promotion) agencies. The tour was organized in the period April 16-19, 2012. The goal of this activity was to provide practical knowledge in the area of export promotion for representatives from the Agency for Foreign Direct Investment and Export Promotion of Republic of Macedonia and the Ministry of Economy. The group of five persons had an opportunity to visit two export promotion agencies - the Slovak Investment and Export Promotion Agency (SARIO) and the Czech Trade. The participants also visited the relevant Ministries and private sector associations in both countries.

The most important conclusion by the participants from the study tour is the validation that the strategic directions defined in the Strategic Framework for Invest Macedonia are proper and realistic and that their implementation will contribute in establishing of more efficient system for export promotion in Macedonia.

Deliverable:

- Knowledge of the Invest Macedonia management and export department staff about export promotion functions and the way how the state funded export promotion agencies operated improved
- Opportunities for future cooperation with the two trade investment agencies in EU established

Activity 3-Development of the Export Readiness Programs**SP-Y2-Export No. 4- Development of the Export Readiness Programs**

The SoW for this activity was approved in August 2012. The Project in cooperation with the Centre for Promotion of Imports from developing countries (CBI), founded by the Dutch Ministry of Foreign Affairs organized a three-day "Learning export" workshop. The workshop was held in the Economic Chamber of Macedonia, in Skopje from September 24-26, 2012. The workshop was part of the program for development of the first export curricula and establishing of the body of knowledge for export between public institutions and Chambers of commerce.

The workshop was delivered by a team of two consultants (international and local) with extensive experience in businesses development and export. In total 25 participants attended the training, representing the following institutions: the Agency for Entrepreneurship Promotion, Ministry of Economy, Invest Macedonia, Chambers of Commerce, and private sector associations. More specifically, the trainees of this workshop will act as trainers to their peer colleagues for this specific subject.

The main topics covered with the program and curricula including: Market Research; EU Market Access Requirements; Europe, Europeans, and the EU; Marketing Export Strategy; Export Marketing Planning; Pricing for export; EU cultural trade aspects etc. Subsequently the export brochure was developed and posted on the Project's website <http://ideas.org.mk/Pages/Publications/>.

The brochure was also burned on CDs and distributed in selected export related events.

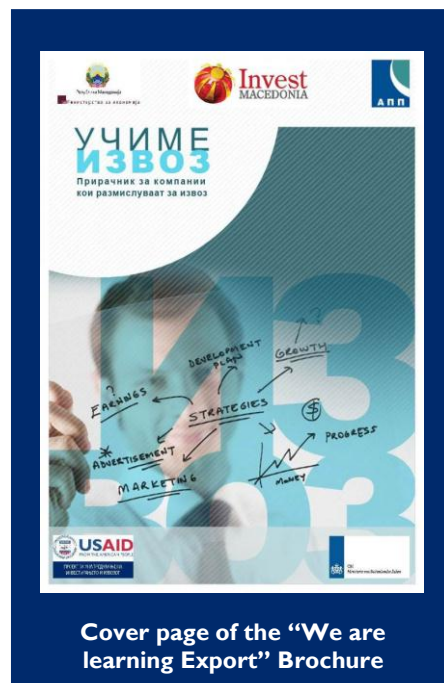
In addition to this event, the Project and the Agency for Promotion of Entrepreneurship of the Republic of Macedonia, in cooperation with the European Information and Innovation Centre in Macedonia, organized a training for export promotion, for the business service provider (BSP) community in Macedonia on December 19, 2012, in Skopje. Some of the key topics of the training were :

- Export market research, market selection, segmentation and analysis;
- Assessment of company's export potential;
- Definition of export prices, preparation of export contracts and export payments.

Representatives from 29 BSP's attended the training. This activity was conducted in accordance with the methodology developed by the Project and the Dutch Agency for Promotion of Imports from Developing Countries (CBI) and implemented under the Government measure "We are learning export", aimed at improving the knowledge and skills for export.

Deliverables:

- 25 trainers representing the public and private sector organizations/institutions (Agency for Entrepreneurship Promotion, Ministry of Economy, Invest Macedonia, Chambers of Commerce, and private sector associations) involved in the export activities trained
- 29 Business Service Providers trained in export
- Guide for export and brochure "We are learning Export" developed and published



Cover page of the "We are learning Export" Brochure

2. COMPONENT B—PUBLIC-PRIVATE DIALOGUE (PPD) ENHANCED

In fiscal year 2012(FY12), the Project implemented six activities under this theme. The main accomplishments from the activities are described below.

Activity I – Support to the NECC

SP-Y2-PPD-No.1- Establishing a National Entrepreneurship and Competitiveness Council (NECC)

The SoW for this activity was approved in December 2011. The Project was approached by the GoM to review and establish a new sustainable model for NECC. After a longer period of consultations with all present and potential stakeholders, the previous model of the Council was reviewed and recommendations were gathered to establish a new form and entity of NECC. Therefore, the Project created a platform for the final round of consultations between the GoM and the CoC's along with other business associations and provided suggestions to the business community.

The Project identified legal expert and completed a regulatory harmonization in accordance with the outcome of the negotiations of all stakeholders. All legal acts were prepared as planned in the SoW and a final decision by the stakeholders on the new model was brought forward for consultation with stakeholders. In March, 2012 the details were reviewed and clarified.

The GoM published an open call in the daily newspapers for membership applications and announced the founding Assembly session for April 5, 2012. The session was held at the premises of the GoM, presided by the DPMEA, Mr. Pesevski and with the presence of a large number of stakeholders. At this first initiation session, positions and opinions were exchanged, pointing out the issues and challenges to be addressed prior to the official registration of the NECC.

In May and June, 2012 the legal experts engaged by the Project continued to work with the relevant counterparts on these issues and an official founding assembly, as prescribed with the valid regulation was completed in July. The first assembly of the NECC was successfully held on August 23, 2012 hosted by the GoM and with participation of IDEAS representatives. Governing and managing bodies were elected and the DPMEA, Mr. Vladimir Peshevski was appointed President of the Managing Board.



The working atmosphere on the second working session

On September 20, 2012 the first regular session of the NECC took place, to review specific issues and proposals from the business community and have the PPD process brought to reality. In November 2012, the PPD-team continued its assistance to the newly established NECC in building a sustainable performance model. The Project team continued to assist the NECC team at the DPMEA's cabinet in determining the priorities and contents of the second regular session, held on December 2012. At this session the [KonkurentnostMK](#) web portal was presented in coordination with the PPD team.

During December 2012, the project worked with the NECC DPMEA team on establishing five committees and four subcommittees, hosting 9 working sessions with a total of 122 committee members and nominating 9 committee chairpersons as well as the determination of the organizational concept and sustainable model of the NECC executive office and its team. The PPD also provided advice on issues regarding budgeting, membership fee collection and others. The NECC team relies heavily on the Project's support in those areas. The Project maintains daily communication with the NECC team and will continue to do so, to enable its sustainability, until the team of hired professionals is ready to take over.

Deliverables:

- Completed the compliance of the legal acts and the operations of the NECC with the Law on Associations and Foundations
- Established NECC of Republic of Macedonia
- Two regular meeting session of NECC were organized

Activity 2 – Support the chambers of commerce for the creation of and advocating for relevant policy papers

Under this activity, in FY'12 the Project worked on engagement of an international consultant for development of a policy paper for unique value proposition for the Macedonian software and IT services industry (SP-Y2-PPD No.2) and finalizing the policy papers for the Economic Chamber of Macedonia and the Economic Chamber of North-Western Macedonia from the previous year (SP-Y1-PPD No.1). The achievements from these activities are described below.

SP-Y2-PPD No.2-Engagement of international consultant for development of Policy Paper for unique value proposition for the Macedonian software and IT services industry

The SoW for this activity was approved in December 2011. The objective of the activity was to develop a policy paper for the ICT Chamber of Commerce, MASIT, which will help the Chamber to identify the unique strengths and competitive advantages of the ICT sector and help support the export potential of its members. The process of creating the policy paper was defined in a manner that enabled CoC staff to learn from the process and the expert, so that they will be capable to create relevant policy papers on their own in future.

In this regard, MASIT identified an international consultant to, jointly with the CoC staff, conduct a research and prepare a study with the aim to identify and assess the strengths and in



particular the unique competitive features of the Macedonian software and IT services industry. The Project and MASIT jointly decided on engaging PP expert, Mr. Klaus Traeger to perform the tasks under the SoW. The procedure for the engagement of an international expert was finalized in January, 2012.

In February the IDEAS team had the first working session with the PP expert brought on by IDEAS as well as regular consultations with the MASIT team on specific issues and timetables of activities. The following month, a MoU was signed with MASIT and the Project Director. According to the SoW the policy paper was planned to be completed by the end of April 2012, but due to health issues of the expert, the activities were delayed. Due to scheduling reasons, Mr. Traeger and the MASIT team requested two delays in the dynamics of activities. In concurrence with MASIT, the second extension was granted on July 30. The document was submitted in August, 2012 and was reviewed by MASIT's software committee and approved with all belonging documents.

In September 2012, a public presentation was organized on the policy paper affront MASIT's members. The policy paper was the foundation for the successful participation of ICT companies at the Gartner Outsourcing summit held in London, UK in October 2012, where 12 leading Macedonian IT companies exhibited their products.

Deliverables:

- Completed and presented a Policy Paper on the unique value proposition for the Macedonian Software and IT service industry

SP-YI-PPD No.1- Assistance to CoCs to create policy papers focused on export and investment

Assistance to the Economic Chamber of Macedonia (ECM) in the development of a Policy Paper for autonomous measures for enhanced export of the food industry

In the course of the FY'12, the PPD team continued the meetings with the professionals of the ECM and the selected expert working on the policy paper. The document was successfully finalized and reviewed and officially presented at the NECC session.

Public Debate on “Assessment of the wood industry in the Polog region” Policy Paper for the Economic Chamber of North-Western Macedonia (ECNWM)

In the course of the FY'12 the policy paper was finalized and presented during a public debate organized by the ECNWM for its member-companies in Tetovo. The debate was attended by more than 30 managers.

Deliverables:

- Completed and presented the Position



Presentation of the Policy Paper in Strumica



Policy Paper public debate in Tetovo

Paper on the agriculture processing industry in the Republic of Macedonia

- Completed and presented the Policy Paper - “Assessment of the wood industry in the Polog region”

Activity 3 – Support to the implementation of the Regulatory Impact Assessment (RIA)

SP-Y2-PPD-No.3- Assistance to MISA to improve the existing ENER mechanism and organize workshops to engage the private and civil sector in the RIA process

The SoW for this activity was approved in February 2012. In the following month, the Minister of Information Society and Administration, Ivo Ivanovski and the Project Director signed a Memorandum of Understanding (MoU) specifying the details of the mutual cooperation in the upgrading the www.ener.gov.mk web portal. Prior to signing the MoU, series of consultation meetings were organized with the authorized professionals of the MISA and with the software experts previously working on the basic ENER solution in order to assist the process of identifying necessary improvements to the system. Technical specifications of the new system must be compliant so that it would successfully serve the purpose it was given in the RIA process of consultations of the public in the PPD process. As a result of these activities, the technical specifications for the solution were finalized and the process of selection of a performing contractor was completed.

The software upgrade is successfully completed by Ein-Sof, and the provisional acceptance document was duly signed by all counterparts on July 20, 2012. A trial period commenced and after all remaining activities were completed, the solution became operational in September. In August and September, more than 30 professionals from the public administration were trained on the new solution by Ein-Sof.



Group training on the use of ENER

The new upgraded portal was officially promoted on November 2, when the high-level event was organized and three IT solutions developed by the Project were promoted. The Minister addressed the audience, and the representative of the Ministry provided Power Point Presentation of the portal.

In order to assure broader utilization of the portal by all relevant stakeholders, the Project together with the Ministry of Information Society and Administration, in December 2012 organized two-day training in Strumica, with 35 representatives from the relevant ministries, Chamber of Commerce, NGOs and business media. The following quotation is from the training participant.

“Now, when the solution is functional and there are trained professionals who are able to work on it, there is a need to raise the public awareness of ENER.

The only way to make this process a successful story, is to inform the citizens that they can participate in the consultation process and make decisions while enjoying in their home atmosphere”-

Mitko Aleksov, CEO of Chambers of Commerce said.

Activity 4 – Support to the Economic Social Council (ESC)

SP-Y2-PPD-No.4- Implementation of ISO26000 as a national standard

The SoW for this activity was approved in March 2012. The purpose of this special project was to assist the initiative of Employers Organization of Macedonia (EOM) to enhance the nation-wide implementation of new standards which will positively influence the business community of Macedonia, providing better conditions to improve their internal processes and their export and investment readiness and competitiveness. The following counterparts were actively involved in the project implementation: Economic-Social Council, Employers Organization of Macedonia and the Institute of Standardization of the Republic of Macedonia.

In this regard, the Project provided assistance to the National Institute of Standardization (ISRM) to translate the international standard and engaged relevant experts to review and determine the final text of the standard.

The Employers Organization of Macedonia (EOM) was identified by the IDEAS as the relevant counterpart from the private sector in the Economic-Social Council (ESC) as the only private sector representative to advocate all initiatives and needs of the business community. Since, the ESC works on different initiatives and the Project recognized this; it was decided to support the EOM in order to strengthen its capacities and significant role in this very important national PPD mechanism.

The official finalization of the process by adaptation of the document was achieved on September 24.

Deliverables:

- Translated and reviewed the base document of the international standard
- Final document reviewed by ISRM and standard officially approved for nation-wide use by businesses

Activity 5 – Assistance in establishing a sustainable dialogue between the business community and the judiciary system-judges

SP-Y2-PPD-No. 5- Harmonization and strengthening of the judicial practice through Public Private Dialogue

The SoW for this activity was approved in October 2012. The purpose of this activity was to assess specialized training needs for commercial judges and commercial lawyers and develop recommendations for specialized trainings for commercial judges.

This special project was developed and implemented in cooperation with USAID Judicial Strengthening Project (JSP) and the Academy for Judges and Public Prosecutors of Macedonia.

The Project was involved in this activity through providing input for designing the questionnaire in order to obtain feedback from the business community about their experiences in commercial law; disseminating the final version of the survey tool to CoCs; analyze the received feedback; co-organize the event and present the survey findings at the roundtable organized on November 22. The component lead, Goran Lazarevski presented the survey findings and recommendations at the event.

Approximately 50 representatives from the judicial, business and legal communities have gathered for the first time to discuss the needs for continuous training of judges that decide commercial cases. The 14 representatives of the 6 business associations and chambers of commerce actively participated in the discussion by providing lessons learned, suggestions and recommendations based

on their experiences with courts especially with Commercial Law. Eight commercial law companies and eleven judges from selected basic and appellate courts were also present at the discussion.

This debate was crucial in defining themes, which will be included in the continuous training plan for judges and public prosecutors, prepared by the Academy for Judges and Public Prosecutors for year 2013.

At the event, a Press Release was distributed by the Academy. Subsequently, the event gained positive media coverage with 10 articles published in various media.



The roundtable discussion

Deliverables:

- Provided recommendations for specialized trainings for commercial judges
- Organized a roundtable discussion on “Assessing the needs for commercial law trainings and improving the commercial procedures” for Commercial Judges and representative from the business community

Activity 6 – Guide on creating policy papers for the business sector

SP-Y2-PPD-No.6- Guide on creating policy papers for the business sector

The SoW for this activity was approved in December 2012. The objective of the activity was to prepare a Guide on creating policy papers for the business sector in the form of a toolkit, as part of the activities undertaken in order to successfully improve the capacities of the Chambers of commerce and business community associations in the Republic of Macedonia and thereby build them into a relevant and capable counterpart in the public-private dialogue (PPD) process on national level.

In order to achieve this objective, the Project engaged a local expert to develop a toolkit that will be used by policy makers, but also on workshops and trainings on how to become and stay a relevant counterpart of the public sector in the process. With this activity, the Project is aiming to create a handbook that will help private sector in the process of policy proposal issuing and review, offering a systematic approach to experienced and new team members.

The Guide will significantly influence the negative tendencies in the private sector to have different approaches and reduce effects of their efforts in the advocacy process with created policy proposals.

The first draft of the Guide was submitted for review on December 26, 2012.

The final version was completed and submitted on December 31 and later will be posted on Project’s website.

Deliverables:

- Guide on creating policy papers for the business sector



Cover Page of the Guide

3. PUBLIC RELATIONS (PR) AND INFORMATION

During the year II of its operation, the IDEAS Project, under Public Relations (PR), completed two special projects: I). Increase the awareness of Macedonian media on the importance of public-private dialogue, industrial policy implementation and export promotion (SP-Y2-Media No.1) and II). Promoting project activities in economic media outlet- Kapital (SP-Y2-Media No. 2) and other (*no budget related*) activities. The results achieved are described below:

SP-Y2-Media No. 1- Increase the awareness of Macedonian Media on the Importance of Public-Private Dialogue, Industrial Policy Implementation and Export Promotion

The SoW for this activity was approved in March 2012. The objective of this activity was to increase the awareness of Macedonian media representatives – editors in chief and journalists on the Project activities, as well as to promote the project's areas of work – public private dialogue, industrial policy implementation and export promotion among relevant current and future economic journalists and thus to general public as whole.

In the course of the third quarter of 2012, the Project staff had a number of meetings with representatives from the School of Journalism and Public Relations as a partner in this project in order to plan properly the entire media event. During these meetings it was decided to redo the original scenario. Instead of having two separate events (one with editors-in –chief and second – working session with journalists) as initially planned, the team determined to have just one event focused, only on journalists.

The “Importance of Macedonian Media in Increasing the Public Awareness for Industrial Policy, Export Promotion and Public-Private Dialogue” event was held on May 8, in City Hall Center in Skopje. Twenty-three (23) journalists from various types of media outlets attended the meeting; around thirty (30) students from the School of Journalism and Public Relations; and representatives from partner institutions. Topics that were covered included: increasing the competitiveness of the industry through the implementation of industrial policy, challenges of the export promotion of Macedonia as well as public-private dialogue as the only way for sustainable economy.

The meeting offered the journalists with the opportunity to closely familiarize themselves with these topics by applying the expertise of representatives of the Project and state institutions, thus ensuring efficient reporting on these economic topics in the future.

The School of Journalism and Public Relations filmed and produced three multimedia products, one per each component. The video material includes clips from the event, interviews from Component Leaders and representatives from partner institutions. Materials were posted on Project's website <http://ideas.org.mk/Pages/Gallery/#>.

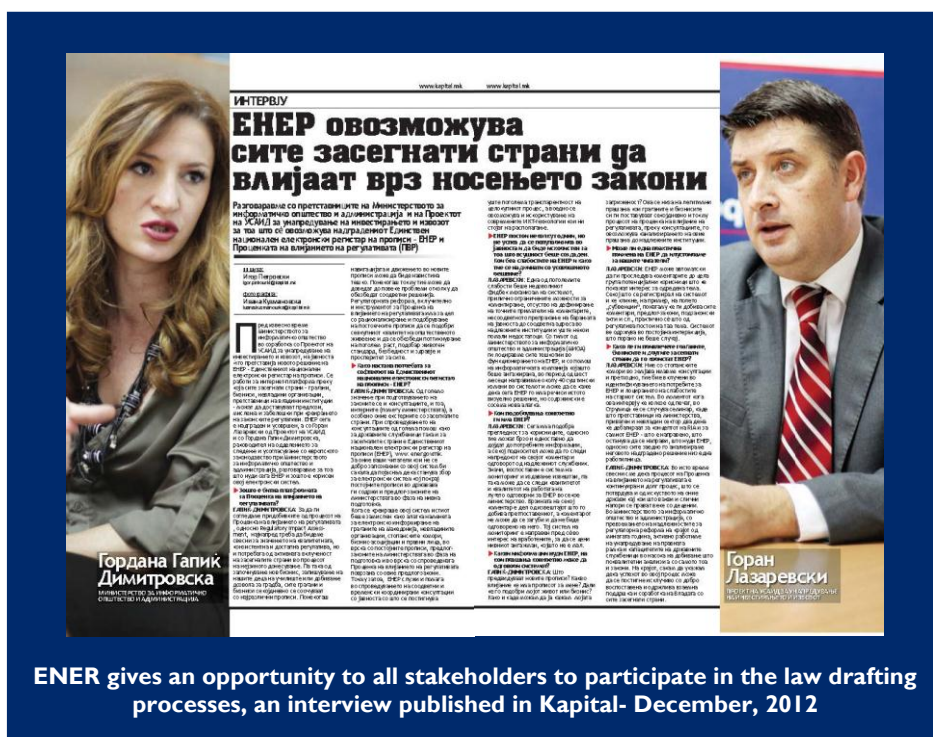
SP-Y2-Media No. 2 – Promoting Project Activities in Economic Media Outlet “Kapital”

The SoW for this activity was also approved in March 2012. As planned in the Work Plan, with this SoW, the Project established formal cooperation with the economic media outlet “Kapital” in order to provide professional, relevant and up-to-date information to journalists, related to IP Implementation, Export Promotion and Public-Private Dialogue topics.

During the year, eight out of nine planed interviews were prepared and published; including one public call related to the implementation of specific measures under the Program on Industrial Policy Implementation 2012(SP-Y2-IPI-No.4). The last interview will be published in February 2013 and is going to be for promoting www.konkurentnost.mk web portal.

The list of published interviews includes:

1. Project's Director on promotion of the Project and accomplished results, published on April 25, 2012;
2. Article-"Key for economic success is improvements of the export and investments", published in May 18, 2012;
3. The Export Promotion Senior Advisor on completed export promotion activities and forecast of future plans, published in June 15, 2012;
4. USAID EG Director, Joseph Lessard on USAID support for Macedonian competitiveness, published on July 4, 2012;
5. The Public-Private Dialogue Senior Advisor, on Government's responsibility in obtaining businesses opinion when create laws; published on July 18, 2012.
6. The Industrial Policy and Investments Senior Advisor and Jasmina Majstoroska, a representative from the Ministry of Economy responsible for Industrial Policy implementation, published on August 29, 2012
7. The second interview with the Export Promotion Senior Advisor provides overview on: "Automechanika Trade Fair in Frankfurt, Germany"; "We are Learning Exports" and "Gartner" trade fair in United Kingdom; published on October 10, 2012.
8. The second interview with the Public-Private Dialogue Senior Advisor and Gordana Gapik Dimitrovska, representative of MISA, for promoting ENER web portal and announcing the two day seminar for using the tool for the representatives of relevant institutions; NGOs, Business community and media. The article was published on December 6, 2012.



ENER gives an opportunity to all stakeholders to participate in the law drafting processes, an interview published in Kapital- December, 2012

All interviews were published in weekly issue of Kapital; and electronic copies were posted on Kapital and Project's website. In addition to this, the interviews were posted on USAID website and Facebook pages.

Managed the High – Level Promotional web-portals event

On November 2, 2012, the Project launched three web portals that made information more accessible to the private sector: www.konkurentnost.mk, www.ener.gov.mk; and the export promotion e-portal under <http://investinmacedonia.com/>.



Promotional web –portals event

The purpose of this event was to publicly promote the new web portals and their functions to relevant institutions, companies, chambers of commerce and media in the country. The Ambassador Paul Wohlers, IDEAS Project Director, Aleksandar Sahov, Minister of Economy Valon Saracini, Minister of Information Society and Administration Ivo Ivanovski, and the Director of the Agency for Foreign Direct Investment and Export Promotion of Macedonia (Invest Macedonia), Visar Fida, addressed the audience. Approximately 150 representatives of government institutions, ministries, the private sector, chambers of commerce, trade associations, members of the international donor community and media attended the event. The web portals were presented by representatives of the ministries and the Agency.

The event gained vast media coverage. Twelve (12) journalists representing national public and private media such (MTV–programs on Macedonian and Albanian languages; Kanal 5; SITES; Kapital; Makedonsko radio; 24 Vesti; Mia; InSTORE magazine; TV ERA and KOHA) covered the event. In total 23 media articles were published in various media outlets. They were translated into English and compiled into a Press Clipping, which was submitted to COR and DOC. In addition to this, the Press Clipping was posted on Project website under Media Coverage <http://www.ideas.org.mk/Pages/IdeasInTheMedia/>.

Other Public Relation Activities

- **Identified, developed, and released Project success stories**

Four success stories were identified, prepared and released. In the process of development, the responsible partner institution was asked to provide input or review given information. After finalization of the success story, final versions were shared with Project counterparts and posted on Project's website.

1. Macedonia is a Success Story on Corporate Social Responsibility Policy Dialogue;
2. Increasing Exports through Learning;
3. Improving the Public-Private Dialogue with Internet Platform and
4. New Web Portal Links Macedonian Exporters with the Foreign Buyers.

- **Develop and Release Media Advisories and/or Press Releases**

Ten Media Advisories and/or Press Releases were prepared, obtained approval, translated on local languages and releases in media; and posted on Project website.

2. USAID Supports the Program for Industrial Policy Implementation, released on May 23,2012;
3. USAID Supports Sharing Export Promotion Best Practices, released on April 12,2012;

4. USAID is strengthening the Capacities of The Private Sector, released on April 26,2012
5. Provided support to InvestMacedonia to prepare and release the Press Release on Macedonian wine promotion in the US, released on May 29,2012;
6. Macedonian Automotive Supplier Companies on International South East Europe Automotive Suppliers Industry Trade Fair in Serbia, released on May 8,2012;
7. Macedonian Companies at the World's Leading Automotive Industry Trade Fair, released on September 7,2012;
8. New Opportunities for Macedonia's IT Companies, released on October 8,2012;
9. Media Advisory on the three IT solutions launching event, releases on October 30,2012 and
10. Software Solutions Makes Information More Accessible for the Private Sector, released on November 2, 2012.

- **Track Published Articles in Media and Develop Quarterly Press Clippings for the DOC Office**

After releasing media advisories and/or press releases, the Project interns or the Communication Manager tracked published articles in the media, and subsequently developed press clippings, and translated them into English. The press clippings were shared with the COR and with the Development Outreach and Communications (DOC) personnel. Press clippings were also posted on the project website under “IDEAS in the Media.” As result of these releases, vast media coverage was gained in national (public and private media) and over 100 positive articles were published.

- **Managed Interviews for IDEAS Project Director and Component Leaders with Relevant Media**

The Project Director was interviewed for “Koha”, local daily print newspaper on Albanian language. The one page article included information about the future plans and potential legacies, as well summary of results achieved and unfinished reforms in key areas. The interview was released on July 25, 2012.

- **Established cooperation with “InSTORE/Macedonia”, specialized trade magazine for consumer goods**

InStore is the first regional (former Yugoslavia) monthly trade magazine for consumer goods. It covers the whole industry from organized and traditional commerce, through manufacturers, distributors and logistics to other related activities. The Magazine is distributed free of charge by mail to over 40,000 addresses independent dealers, retailers, wholesalers, manufacturers, specialty shops, as well as ministries, agencies and academic institutions in Serbia, Slovenia, Croatia, Bosnia Montenegro, Kosovo and Macedonia. In September, a meeting was organized with “InSTORE” magazine, regarding identifying opportunities for cooperation.

The content of the Magazine includes 50% articles prepared by neighboring countries and the rest will be Macedonia-related articles. This form of the content gives valuable opportunity for the project to raise its awareness in the region, promote its funded activities, and at the same time to share and gain export market information. In Macedonia, “InStore” magazine was distributed to over 4,000 subscribers, from which 95% are companies, and the rest are Chamber of Commerce, banks; academia. In order to publicize the recently developed export promotion portal under the



InvestMacedonia web page, the Project developed market information (as presented below) and published in the Magazine.

- **Develop IDEAS Conference and Training Calendar**

The Communications Manager in cooperation with component leads developed IDEAS Conference and Training Calendar and submitted it to EG office on a monthly base. Subsequently, all events shown on the calendar were translated into Macedonian and posted on the IDEAS Project website.

- **Information Sharing with Similar Regional Projects**

To expand regional recognition of the IDEAS Project and to broaden the audience, the Communications Manager started to share success stories and other communication articles produced in the FY'12 with the Regional Competitiveness Initiative (RCI).



4. INTERNSHIP

In the second year of its operation, the IDEAS Project continued with implementing the Internship Program. The purpose for implementing this program was to present an opportunity to young people, usually university students and/or recent graduates, to receive practice and experience. This program provides the interns knowledge about U.S. procedures and opportunity to work and communicate with other donor projects, governmental, and private and business organizations. From the beginning of the Project, the total of nine interns was engaged under this Program.

During the reporting period, nine internes were involved in preparing and organizing high-level events; organizing meetings; providing logistics and support; working with project team members on the development, production, and dissemination of project publications; drafting various reports; tracking media articles and compiling Press Clippings; assisting with developing presentations and providing translation. The interns were organized in two groups. One group was composed of students from the State University "Ss. Cyril and Methodius University" in Skopje and the second group of interns was from the University American College in Skopje.

Furthermore, the Program provided interns with an opportunity to "test drive" a career, chance to network, and establish relationships with mentors; an introduction to the field's culture and etiquette; accumulate new skills and most important gain a "real world" perspective on an occupation.

The Internship Program is expected to continue to enable interns to gain experience and develop contacts in the public and private sectors, which will ultimately enhance their skills and help them become more competitive in the labor market when they begin searching for employment.

"Recommendations and knowledge that I received helped me in finding a job and getting a positive response from the employer. The internship helped me especially in the advancement of my knowledge and gave me a valuable practical experience in feeling a "real world" perspective on an employment."

- Bojana Mandevska, Junior Bank Cashier at Tutunska Banka in Skopje

Recognizing the valuable experience that the Project had in regard to the interns and their performance, the Internship Program is planned to continue in the third year, taking into consideration the mutual benefit: interns gain enormous practical experience and knowledge and receive valuable assistance and support from the project's team members, which in return makes the Project more effective and efficient.

5. FY12 INDICATORS

No.	Performance Indicator and Unit of Measurement	Indicator Definition	Data Source/ Frequency	Baseline	FY 1 (2011)		FY 2 (2012)		FY 3 (2013)		FY 4-LoP (2014)	
					1 Jan–30 Sep		1 Oct–30 Dec		1 Oct–30 Sep		1 Oct–30 Sep	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual
Intermediate Result 3.1: Improved Business Environment in Critical Areas												
Sub IR 3.1.1: Strengthened Government Capacity to Implement Economic Policies & Programs												
Indicators under 1.1; 2.1; 2.2;												
IDEAS Project Result: Improved Foreign Direct Investment (FDI) and Domestic Investments (DI)												
1.1.	Number of new competitiveness policies, programs, action plans related to industrial policy being implemented	Being implemented means that decisions from the Competitiveness Committee of Ministers include the private sector comments and are being implemented by the implementing agencies at the national and/or local level.	Internal Project reports/Annually	0	3	0	8	7*	16		24	
IDEAS Project Result: Improved Export Facilitation and Investment Aftercare												
2.1.	Volume of exports from targeted sectors facilitated by InvestMacedonia through USG assistance (in MKD)	The value of exports in a given year in targeted sectors, facilitated by InvestMacedonia.	State Statistical Office/Annually	960.845.885	By 5%	0	By 15%	6,5%**	By 30%			
2.2.	Number of new policies, measures, and sub-legislation that facilitate export are adopted	Policies, measures, and sub- legislations are defined as any reform programs that affect the legislative and/or policy framework.	Project reports, Implementing partners/Annually	0	1	1	3	4***	5			

No.	Performance Indicator and Unit of Measurement	Indicator Definition	Data Source/ Frequency	Baseline	FY 1 (2011)		FY 2 (2012)		FY 3 (2013)		FY 4-LoP (2014)	
					1 Jan–30 Sep		1 Oct–30 Dec		1 Oct–30 Sep		1 Oct–30 Sep	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual
IDEAS Project Result: Improved Public Procurement Legal Framework												
3.1.	Number of new policies and/or regulations submitted to GoM for review and adoption as a result of USG assistance	Number of new policies and/or regulations related to public procurement submitted to GoM for review and adoption, in cooperation with Public Procurement Bureau (PPB).	Implementing partners/Annually	0	1	1	2	9****	0		0	
Intermediate Result 3.1: Improved Business Environment in Critical Areas Sub IR 3.1.2: Public-Private Dialogue Improved Indicators under: 4.1 and 4.2.												
IDEAS Project Result: Enhanced Public-Private Dialogue												
4.1. (PPR)	Percentage of issues resolved as a result of dialogue efforts supported by USG assistance	The number of new issues resolved by the GoM, against the number of issues raised before the government by the private sector organizations, firms, and individuals using acceptable advocacy approaches such as policy papers, public debates, conferences, and others.	Project reports, Implementing partners/Annually	0	50%	0	54%	52%	59%		63%	
4.2.	Number of new public-private dialogue mechanisms institutionalized by GoM as a result of USG assistance	Dialogue mechanisms and means used by entities and the regulations used by private sector organizations (firms and individuals) to raise issues with the government that the GoM turns into permanent channels of private sector input into policy making.	Project reports, Implementing partners/Annually	0	0	-	1	1 National Entrepreneurship and Competitiveness Council (NECC)	2		3	
IDEAS Project Result: Enhanced Government Capacity to implement new Policies												

No.	Performance Indicator and Unit of Measurement	Indicator Definition	Data Source/ Frequency	Baseline	FY 1 (2011)		FY 2 (2012)		FY 3 (2013)		FY 4-LoP (2014)	
					1 Jan–30 Sep		1 Oct–30 Dec		1 Oct–30 Sep		1 Oct–30 Sep	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual
6.1.	Number of people trained as a result of USG assistance (disaggregated by gender and areas)	Trained is defined as acquired skills to be able to independently support the implementation of the policies, disaggregated by gender and areas. Areas are: industrial policy; export promotion; public procurement; public-private dialogue.	Project reports, Implementing partners/Annually	0	155	77 Female–39 Male–38 IP–47 EP–30	202	995 (cumulative) Female- 494 ; Male – 501 IP-112 (F-66;M-46) EP-300 (F-122;M-178) PP-420 (F-230;M-190) PPD-163 (F-76;M-87)	462		582	

No.	Performance Indicator and Unit of Measurement	Indicator Definition	Data Source/ Frequency	Baseline	FY 1 (2011)		FY 2 (2012)		FY 3 (2013)		FY 4-LoP (2014)	
					1 Jan–30 Sep		1 Oct–30 Dec		1 Oct–30 Sep		1 Oct–30 Sep	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual
6.2. (PPR)	Number of institutions/organizations undertaking capacity/competency strengthening as result of USG assistance (disaggregated by area of institutional/ organizational competency)	Number of institutions/ organizations undertaking capacity/competency strengthening in one or more of the six areas of institutional/ organizational competency: governance (e.g., board, mission/goal/constituency, leadership, legal status); management practices (e.g., organizational structure, information management, administration procedures, personnel, planning, program development, program reporting); human resources (e.g., human resources development, staff roles, work organization, diversity issues, supervisory practices, salary and benefits); financial resources (e.g., accounting, budgeting, financial/inventory controls, financial reporting); service delivery (e.g., sectorial expertise, constituency, impact assessment); external relations (e.g., constituency relations, collaboration, public relations, local resources, media).	Project reports, Implementing partners/Annually	0	5	10 3–MP; SD; Gov 4–SD, MP 1–MP, HR 1–Gov; HR 1–MP, SD, ER; HR	Archive 2011		Arch. 2011		Arch. 2011	

No.	Performance Indicator and Unit of Measurement	Indicator Definition	Data Source/ Frequency	Baseline	FY 1 (2011)		FY 2 (2012)		FY 3 (2013)		FY 4-LoP (2014)	
					1 Jan–30 Sep		1 Oct–30 Dec		1 Oct–30 Sep		1 Oct–30 Sep	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual
4.6.1-17 (PPR)	Number of days of USG funded technical assistance in business enabling environment provided to counterparts or stakeholders	The provision of goods or services to developing countries and other USAID recipients in direct support of a development objective-as opposed to the internal management of the foreign assistance program. Services could include the transfer of knowledge and/or expertise by way of staff, skills training, research work and financing to support quality of program implementation and impact, support administration, management, representation, publicity, policy development and capacity building. Technical assistance includes both human and institutional resources. Technical assistance does not include financial assistance. Business enabling environment is defined as improving policies, laws, regulations, and administrative practices affecting the private sector.	Implementing partners/Annually	1218	N/A	1218	1585	1610	1633		1568	

Notes:

* **Indicator under 1.1.** List of competitiveness initiatives that have been adopted and implemented by GoM in industrial policy-related areas in the course of 2012. All documents have been reviewed and approved by the Competitiveness Committee of Ministers.

1. Action Plan for Industrial Policy Implementation for 2012 – 2013. Adopted by GoM on August 21, 2012 (Action Plans are not published in Official Gazette).
2. Program for Industrial Policy Implementation 2012 (Official Gazette 12/2012). Implementing institution: Ministry of Economy.
3. Program for Support and Development of Clusters (Official Gazette 12/2012). Implementing institution: Ministry of Economy.
4. Program for Development of Entrepreneurship, Competitiveness and Innovation of SMEs (Official Gazette 12/2012). Implementing institution: Ministry of Economy.
5. Program for Support of Entrepreneurship, Competitiveness and Innovation of SMEs (Official Gazette 12/2012). Implementing institution: Agency for Promotion of Entrepreneurship.
6. Program for Scientific Research and Technology Development (Official Gazette 8/2012). Implementing institution: Ministry of Education and Science.
7. Web portal www.konkurentnost.mk (Competitiveness.mk) – is hosted by the Ministry of Economy, and the portal is giving the business sector access to information on all available government support related to implementation of the Industrial Policy.

**** Indicator under 2.1.** The source of information for this indicator is State Statistical Office (SSO), annually. Having in mind that calendar and the fiscal year in Macedonia are from January until December relevant statistical information for the annual export per sector are published in March-April the following year, therefore more accurate information could be provided in April 2013, when the percentage of change in the export could be calculated with the annual export data for whole 2011 and 2012. For the purpose of the PMP, the baseline for this indicator is taken the total export for calendar year (January-December) 2011, which – was USD 960.845.885. The SSO is calculating exports in USD (\$) not in MKD. In order to calculate the percentage of change in the exports were taken the available SSO export information for the period of eight months (January until August) for the two years (2011 and 2012). In the first eight months of 2011, the export was \$ 576.945.581, 24 and for the same period in 2012 was 614.417.633, 79. The percentage of change in the exports is 6, 49%.

***** Indicator under 2.2.** List of new adopted policies, measures, and sub-legislation that facilitate export are:

1. Strategic Framework for InvestMacedonia
2. Export Web Portal- The development of the IT solution for export promotion portal of Invest Macedonia. The web platform will include the company profiles of current and potential exporters, as well as the market information for the specific sectors.
3. Learning exports- Government of Macedonia initiated a new export support measure— “We are Learning Export”—with two main objectives: (1) provide individual assistance to companies for increasing their exports and (2) increase the general export awareness through publications and seminars.
4. Market information -the Project has supported the access for Invest Macedonia to the Euromonitor database. This will enable to develop sample reports in a selected number of industries to serve as a template for market entry reports.

The Export Web Portal, Learning export and Market Information are measures identified under the Strategic Framework for Invest Macedonia. The Project in cooperation with other donors is assisting Invest Macedonia to implement these measures.

****** indicator under 3.1.** List of new policies and/or regulations submitted to GoM for review and adoption as a result of USG assistance. The source of this information is Center for Solutions and Reforms REFORMIKO, which has been subcontracted to implement activities in the Public Procurement (PP).

1. Catalogue of Competencies for the Public Procurement Officers
2. Action Plan for further development of the e-Procurement system 2011-2012
3. Model contract for procurement of software application development
4. Amendments to the Law on Public Procurements
5. Rulebook on Training Program, Manner of Implementation of the Training, Fees, as well as the Form and Content of the Certificate
6. Instruction on organization and implementation of the public procurement trainings
7. Trainers' Guidelines
8. Action Plan for Gradual introduction of mandatory certification
9. Instructions for issuing bank guarantees in electronic form

Indicator under 6.1. By end of December'12, in total 995 people were trained. Out of which were 494 female and 501 male. The structure of the trained people according to gender balance is as follows:

- In IP were trained 112 individuals, from which 66 were females and 46 males.
- In EP were trained 300 individuals, from which 122 were females and 178 males.
- Under PP were trained 420, out of which 230 were females and 190 males and
- In PPD were trained in total 163 people, from which 76 were female and 87 males.

Standard indicators under the USAID Foreign Assistance Framework Program Elements: Private Sector Productivity and Business Enabling Environment.

4.1. (PPR) Percentage of issues resolved, as a result of dialogue efforts supported by USG assistance. Indicator will be used for USAID/Macedonia Performance Plan Reporting purposes.

6.2. – (PPR) -ARCHIVED -Number of institutions/organizations undertaking capacity/competency strengthening as a result of USG assistance (disaggregated by areas). The area of institutional/organizational competency are: Government-Gov; Management practice-MP; Human resources-HR; Financial resources-FR; Service delivery-SD and External Relations-ER. Indicator was used for USAID/Macedonia Performance Plan Reporting purposes until the end of FY2011, when the mission undertook a portfolio review, whereas this indicator was archived, and a list of new indicators was proposed. The Project chose the following indicator from the proposed list:

4.6.1-17 (PPR) Number of days of USG funded technical assistance in business enabling environment provided to counterparts or stakeholders. Indicator is used for USAID/Macedonia Performance Plan reporting purposes starting from the beginning of FY2012. The baseline reflects the actual result of FY2011. The targets for each year are separate, not cumulative. By end of December'12, in total 1610 days were spent for providing assistance to Project counterparts.

6. BUDGET

	Total Budget for the period Oct 1 2011 – Dec 31, 2012
BAH Labor (Home Office and Local Staff)	\$695,345.85
ODCs (operational costs)	\$103,987.14
Special Projects (ICs+BAH+ ODCs)/PR Marketing & Comm/ICT Tools	
Component A (FDI/DI/Aftercare)	\$78,164.69
Component A (Export Promotion)	\$133,825.61
Component B (PPD)	\$40,242.55
Component C – Media	\$20,960.55
PR/Marketing/Public Education	\$33,741.27
Total of Special Projects	\$306,934.67
Burdens, Fees, Overheads	\$295,954.70
TOTAL	\$1,402,222.36

A. LIST OF DELIVERABLES PRODUCED

This section lists deliverables that IDEAS produced in the reported period. Because of the total size of these deliverables, they are presented in a separate CD-ROM.

I.1.1 Outreach Releases

Success Stories

- Macedonia is a Success Story on Corporate Social Responsibility Policy Dialogue;
- Increasing Exports through Learning;
- Improving the Public-Private Dialogue with Internet Platform and
- New Web Portal Links Macedonian Exporters with the Foreign Buyers.

Press Release/Media Advisories/Articles

- USAID Supports the Program for Industrial Policy Implementation, released on May 23,2012;
- USAID Supports Sharing Export Promotion Best Practices, released on April 12,2012;
- USAID is strengthening the Capacities of The Private Sector, released on April 26,2012
- Provided support to Invest Macedonia to prepare and release the Press Release on Macedonian wine promotion in the US, released on May 29,2012;
- Macedonian Automotive Supplier Companies on International South East Europe Automotive Suppliers Industry Trade Fair in Serbia, released on May 8,2012;
- The Government to become service for the business sector –interview in Koha, released on July 25,2012;
- Macedonian Companies at the World's Leading Automotive Industry Trade Fair, released on September 7,2012;
- New Opportunities for Macedonia's IT Companies, released on October 8,2012;
- Media Advisory on the three IT solutions launching event, releases on October 30,2012 and
- Software Solutions Makes Information More Accessible for the Private Sector, released on November 2, 2012.
- Web portal for improvement of Macedonian companies on the export markets –article in InStore, released in December, 2012.

I.1.2 Technical Materials

- Action Plan for Industrial Policy Implementation
- Promotional brochure for KonkurentnostMK
- Report with substantive recommendations on how to simplify and streamline the working permits regime
- Report with recommendations for actions towards improving the quality and efficiency of the system of aftercare services in Macedonia
- Assessment on Capacity Analysis and Identification of Pilot Municipalities for Introduction of Electronic Construction Permitting System as a First Stage of the Business Licenses One-Stop-Shop (OSS)
- Policy Paper- Unique value proposition for the Macedonian Software and IT service industry
- Policy Paper- Export and Investment Opportunities in Macedonia's Rural Tourism Development
- Policy Paper on the agriculture processing industry in the Republic of Macedonia
- Policy Paper- Assessment of the wood industry in the Polog region" Policy Paper for the Economic Chamber of North-Western Macedonia (ECNWM)
- Guide on creating policy paper for the business community

U.S. Agency for International Development
Macedonia
Samoilova, 21
1000 Skopje, Macedonia
Tel: (+389 2) 310-2000; Fax: (+389 2) 310-2463
<http://macedonia.usaid.gov>